

ARTHUR ANDERSEN LLP

**ASPIRA Association, Inc., National Office**

**Financial Statements**

**As of June 30, 1997 and 1996**

**Together With Auditors' Report**

# ARTHUR ANDERSEN LLP

## Report of Independent Public Accountants

To the Board of Directors of  
ASPIRA Association, Inc., National Office:

We have audited the accompanying statements of financial position of ASPIRA Association, Inc., National Office (the "Association," a New York nonprofit corporation) as of June 30, 1997 and 1996, and the related statements of activities and cash flows for the years then ended. These financial statements and the schedule referred to below are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements and the schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards for financial audits contained in **Government Auditing Standards** (1994 Revision), issued by the Comptroller General of the United States. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ASPIRA Association, Inc., National Office as of June 30, 1997 and 1996, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with **Government Auditing Standards**, we have also issued our report, dated October 2, 1997, on our consideration of the Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses for the year ended June 30, 1997, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Arthur Andersen LLP

Washington, D.C.  
October 2, 1997

# ASPIRA Association, Inc., National Office

## Statements of Financial Position As of June 30, 1997 and 1996

Assets		1997	1996
<b>Assets:</b>			
Current assets-			
Cash and cash equivalents	\$ 473,095	\$ 358,063	
Federal grant receivables	15,995	124,658	
Contributions receivable (Note 2)	429,700	769,693	
Loan to Associate (Note 7)	20,484	25,000	
Other receivables	7,582	32,547	
Prepaid assets	35,221	27,866	
Total current assets	982,077	1,337,827	
Noncurrent assets-			
Contributions receivable (Note 2)	58,740	311,073	
Loan to Associate (Note 7)	34,444	54,928	
Investments (Note 6)	955,598	783,020	
Property and equipment-			
Furniture, equipment, and leasehold improvements, net of accumulated depreciation and amortization of \$60,206 and \$60,233 for 1997 and 1996, respectively		104,726	95,570
Total assets	\$2,135,585	\$2,582,418	
<b>Liabilities and Net Assets</b>			
<b>Liabilities:</b>			
Current liabilities-			
Accounts payable and accrued expenses	\$ 54,725	\$ 38,252	
Capitalized lease obligation (Note 5)	9,044	9,782	
Due to Associates (Note 2)	116,543	197,328	
Deferred rent abatement (Note 5)	8,107	-	
Total current liabilities	188,419	245,362	
Noncurrent liabilities-			
Capitalized lease obligation (Note 5)	20,931	12,999	
Deferred rent abatement (Note 5)	56,134	54,916	
Total liabilities	265,484	313,277	
<b>Commitments and contingencies (Note 5)</b>			
<b>Net assets (Note 2):</b>			
Unrestricted	292,542	197,906	
Temporarily restricted (Note 2)	1,072,734	1,566,410	
Permanently restricted (Note 2)	504,825	504,825	
Total net assets	1,870,101	2,269,141	
Total liabilities and net assets	\$2,135,585	\$2,582,418	

The accompanying notes are an integral part of these statements.

**ASPIRA Association, Inc., National Office**

**Statements of Activities  
For the Years Ended June 30, 1997 and 1996**

	Unrestricted	Temporarily Restricted	Permanently Restricted	1997 Total	1996 Total
<b>Revenues, gains, and other support:</b>					
Contributions from foundations and corporations	\$ 217,046	\$ 398,083	\$ -	\$ 615,129	\$2,264,193
Federal government grants	864,104	-	-	864,104	936,079
Publications	3,423	-	-	3,423	3,118
Interest and other income	184,974	-	-	184,974	212,237
Net assets released from restrictions	891,759	(891,759)	-	-	-
Total revenues, gains, and other support	2,161,306	(493,676)	-	1,667,630	3,415,627
<b>Expenses:</b>					
Program services-					
Education access and careers	347,505	-	-	347,505	354,473
Youth leadership	1,011,620	-	-	1,011,620	922,199
Community mobilization	374,456	-	-	374,456	340,494
Advocacy/research	69,659	-	-	69,659	185,802
Total program services	1,803,240	-	-	1,803,240	1,802,968
General and administrative	245,248	-	-	245,248	242,550
Fund-raising	18,182	-	-	18,182	23,107
Total expenses	2,066,670	-	-	2,066,670	2,068,625
<b>Change in net assets</b>	94,636	(493,676)	-	(399,040)	1,347,002
<b>Net assets, beginning of year</b>	197,906	1,566,410	504,825	2,269,141	922,139
<b>Net assets, end of year</b>	\$ 292,542	\$1,072,734	\$504,825	\$1,870,101	\$2,269,141

The accompanying notes are an integral part of these statements.

# ASPIRA Association, Inc., National Office

## Statements of Cash Flows For the Years Ended June 30, 1997 and 1996

	1997	1996
<b>Cash flows from operating activities:</b>		
Change in net assets	\$(399,040)	\$1,347,002
Adjustments to reconcile change in net assets to net cash provided by operating activities—		
Depreciation and amortization	24,273	25,102
Net loss on disposal of fixed assets	165	8,915
Unrealized net gains on securities held	(105,480)	(90,965)
Change in grant and contributions receivable	700,989	(1,058,992)
Change in other receivables and prepaid assets	17,610	(20,922)
Change in accounts payable and accrued expenses	16,473	(7,295)
Change in deferred support and revenue	-	(12,056)
Change in due to Associates	(80,785)	(11,691)
Change in pass-through liability	-	(12,696)
Change in deferred rent abatement	9,325	54,916
Net cash provided by operating activities	183,530	221,318
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(15,911)	(68,108)
Purchases of investments	(399,830)	(313,015)
Sales of investments	332,732	558,743
Disbursement of loans to Associates	-	(144,928)
Repayments of loans from Associates	25,000	65,000
Net cash provided by investing activities	(58,009)	97,692
<b>Cash flows from financing activities:</b>		
Principal payments on capitalized lease obligations	(10,489)	(8,527)
Net cash used by financing activities	(10,489)	(8,527)
<b>Net increase in cash and cash equivalents</b>	115,032	310,483
<b>Cash and cash equivalents, beginning of year</b>	358,063	47,580
<b>Cash and cash equivalents, end of year</b>	<u>\$ 473,095</u>	<u>\$ 358,063</u>
<b>Supplemental noncash disclosure:</b>		
Increase in capitalized lease obligation	<u>\$ 7,194</u>	<u>\$ 17,859</u>

The accompanying notes are an integral part of these statements.

# **ASPIRA Association, Inc., National Office**

## **Notes to Financial Statements For the Years Ended June 30, 1997 and 1996**

### **1. Organization and Purpose:**

The ASPIRA Association, Inc., National Office (the "Association"), was incorporated on November 20, 1968, in New York State. The Association was organized to promote the welfare and development of Puerto Ricans and other Latinos in the United States and Puerto Rico. The Association is a nonprofit organization that operates in Washington, D.C.

The principal aim of the Association is to develop and expand the educational and creative opportunities and capabilities of Latinos by establishing the necessary means for motivating and orienting them to develop their leadership potential and enter into or continue their education in the professional, artistic, and technical fields.

The Association has associate organizations in New York, New Jersey, Illinois, Pennsylvania, Puerto Rico, Florida, and Connecticut (the "Associates"). The Associates are separate legal entities, and their financial activities are not included in these financial statements.

### **2. Summary of Significant Accounting Policies:**

#### **Cash**

The Association maintains bank accounts in which moneys are pooled for both restricted and unrestricted use. Accountability for cash is maintained through a series of interfund receivables and payables that reflect the cash available to each fund.

#### **Cash Equivalents**

Cash equivalents consist of certificates of deposit recorded at cost that approximates market value. These certificates of deposit have original maturities of three months or less.

#### **Investments**

The Association maintains an endowment fund that consists of money market funds, corporate debt and equity securities, and government debt securities recorded at fair value. Changes in fair value are recognized as interest and other income in the accompanying statements of activities.

#### **Property and Equipment**

Property and equipment is recorded at cost. For financial reporting purposes, depreciation is calculated using the straight-line method. Equipment is depreciated over a five-year useful life; in 1997, the useful life of furniture was changed from five years to ten years.

Expenditures for maintenance and repairs are charged to expenses; betterments and major renewals are capitalized. Upon retirement or sale of assets, the cost of the assets disposed of and the related accumulated depreciation are removed from the accounts, and any resulting gain or loss is credited to income.

### **Contributions and Grants**

The Association receives funding for its programs from foundations and corporations as well as from Federal grants. Major foundation and corporation support is obtained from the Ford Foundation, the Carnegie Corporation of New York, and the Dewitt Wallace/Readers Digest Fund. Federal grant support comes from the Corporation for National and Community Service, the U.S. Department of Health and Human Services, and the U.S. Department of Education.

Revenues related to Federal grants are recognized to the extent that eligible expenses are incurred. The Association receives its funding primarily on a reimbursement basis.

The Association recognizes non-Federal contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as unrestricted support, temporarily restricted support, or permanently restricted support. Temporarily restricted contributions that are used according to donor restrictions in the same period as the contributions are recognized as temporarily restricted contributions are reclassified as net assets released from restrictions in that period. Promises to contribute that stipulate conditions to be met before the contribution is made are not accrued until the condition is met. As of June 30, 1997, the Association had received no conditional promises to give.

The Association subgrants funds to its Associates. The amount of subgranted funds due to Associates at year-end is presented in the accompanying financial statements as due to associates.

### **Contributions Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are discounted to their estimated present value if the effect of such discounting is material.

Contributions receivable include the following unconditional promises to give:

Amounts due in:

Less than one year	\$429,700
One to three years	58,740
Total	<u>\$488,440</u>

## Net Assets

The Association classifies net assets into three categories: unrestricted, temporarily restricted, or permanently restricted. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Temporarily restricted net assets are contributions with temporary, donor-imposed time or purpose restrictions. Temporarily restricted net assets become unrestricted when the time restrictions expire or the contributions are used for their restricted purpose, at which time they are reported in the statement of activities as net assets released from restrictions. The amounts released from restriction during 1997 and 1996 were as follows:

	1997	1996
Education access and careers	\$ 74,838	\$ 37,636
Youth leadership	389,972	354,002
Community mobilization	360,152	227,884
Advocacy/research	66,797	76,076
Total	<u>\$891,759</u>	<u>\$695,598</u>

Temporarily restricted net assets are available for the following programmatic purposes as of June 30, 1997 and 1996:

	1997	1996
Education access and careers	\$ 230,542	\$ 305,380
Youth leadership	469,385	607,090
Community mobilization	297,379	652,075
Advocacy/research	75,428	1,865
Total	<u>\$1,072,734</u>	<u>\$1,566,410</u>

Permanently restricted net assets consist of the DeWitt Wallace/Readers Digest Endowment Fund (the "Endowment Fund"). The principal is to be held in perpetuity under the following conditions:

- Income may be expended for the general programs of the Association provided that in no event will any of the income be used for fund-raising or capital improvement projects.
- The principal of the Endowment Fund may not be transferred to another institution by merger, consolidation, liquidation, or dissolution. In all such events and in the case of bankruptcy or receivership of the Association, the Endowment Fund will revert to Community Funds, Inc. (the third-party custodian that maintained custody of the Endowment Fund prior to remitting it to the Association, in accordance with the terms of the founding document). Community Funds, Inc., will, in turn, consult with the original donor of the Endowment Fund (DeWitt Wallace Fund, Inc.) and designate another beneficiary of the Endowment Fund.



The original carrying value of the Endowment Fund was \$504,825. The Association reports the endowment investment at market value in these financial statements. The market value of the Endowment Fund was \$955,598 and \$783,020 as of June 30, 1997 and 1996, respectively. Investment income and any unrealized gains or losses are recorded as unrestricted interest and other income in the statements of activities.

#### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Reclassifications of Balances**

Certain 1996 balances have been reclassified to conform with the 1997 presentation.

#### **3. Pension Plan:**

The Association has a defined contribution pension plan covering salaried employees with at least six months of service. This plan was adopted on January 1, 1988. The Association contributes 5 percent of each participant's compensation to the plan each year. Vesting of the Association's contributions occurs after three years of employment or upon early retirement. Contributions by the Association were \$32,635 in 1997 and \$19,697 in 1996.

#### **4. Income Taxes:**

The Association is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined that the Association is a publicly supported entity.

#### **5. Leases:**

The Association leases office space and equipment under lease agreements that expire through 2005.

#### **Operating Lease**

In November 1995, the Association entered into a lease agreement for office space effective January 1, 1996. The lease provides for a ten-year lease term, with an option to cancel the contract after seven years, and rent abatements in the first two years of the lease. Rent expense for this lease for the years ended June 30, 1997 and 1996, was \$124,505 and \$62,252, respectively. Rent abatements are amortized over the life of the lease. The unamortized portion was \$64,241 and \$54,916 at June 30, 1997 and 1996, respectively.

Minimum rental commitments under this lease, excluding the Association's share of future operating expenses as defined in the lease agreement, are as follows:

<u>Year ending June 30,</u>	
1998	\$ 132,612
1999	132,612
2000	132,612
2001	132,612
2002 and after	596,754
	<u>\$1,127,202</u>

### Capital Leases

The Association leases office equipment under noncancelable lease agreements that expire between 2000 and 2001. The leases provide that the Association pay for the insurance and maintenance expenses related to the equipment. Interest expense on leased equipment amounted to approximately \$1,950 and \$1,400 for the years ended June 30, 1997 and 1996, respectively. Assets under capital lease are included in furniture, equipment, and leasehold improvements and are depreciated over the life of the lease. Future lease payments under capital leases are as follows:

<u>Year ending June 30,</u>	
1998	\$10,268
1999	10,268
2000	7,838
2001	<u>6,074</u>
Interest payments	(4,473)
Lease obligation	<u>\$29,975</u>

### 6. Investments:

The market value of investments at June 30, 1997, is summarized below:

Money market funds	\$ 32,889
Common stocks and options	629,906
Government bonds	224,215
Corporate bonds	<u>68,588</u>
	<u>\$955,598</u>

Investment income, gains, and losses for fiscal year 1997 are summarized below

Interest and dividends	\$ 29,626
Realized net gains on sales of securities	37,160
Unrealized net gains on securities held	<u>105,480</u>
Total investment income	<u>\$172,266</u>

**7. Related-Party Loans:**

In early 1996, the Association extended a \$75,000 line of credit to an Associate office. According to the terms of the credit agreement, the loan bears no interest and is due in July 1999. At June 30, 1997 and 1996, \$54,928 was outstanding under the line of credit

# ASPIRA Association, Inc., National Office

## Schedule of Functional Expenses For the Year Ended June 30, 1997 With Comparative Totals for the Year Ended June 30, 1996

	Program Services				Support Services		1997 Total Expenses	1996 Total Expenses
	Education Access and Careers	Youth Leadership	Community Mobilization	Advocacy/ Research	Total Program Services	General and Administrative	Fund- Raising	
Salaries and wages	\$ 81,700	\$ 142,130	\$157,662	\$38,121	\$ 419,618	\$104,209	\$15,022	\$ 538,849
Fringe benefits	15,852	24,399	31,892	7,660	79,803	29,920	1,362	110,885
Total personnel	97,552	166,534	189,554	45,781	499,421	134,129	16,184	650,734
Consultant and contract services	8,547	28,078	1,651	3,529	41,805	13,250	-	55,693
Office rent (Note 5)	12,651	17,918	12,402	7,113	50,084	74,421	-	124,505
Telephone and postage	3,112	10,824	4,514	6,727	25,177	4,213	472	29,862
Equipment rental and maintenance	333	2,738	2,083	9	5,163	4,033	100	9,896
Depreciation and amortization (Note 2)	-	-	-	-	-	24,273	-	24,271
Registrations	-	-	-	-	-	799	-	799
Professional fees	-	-	-	-	-	20,788	-	20,788
Supplies	1,185	5,249	1,565	1,157	9,156	2,899	6	12,021
Insurance	-	1,320	-	-	1,320	4,101	-	5,421
Board meetings	-	-	-	-	-	26,658	-	26,658
Travel and meetings	10,106	27,599	10,652	1,251	49,768	9,164	1,160	60,092
Printing and publications	3,577	9,878	7,817	3,761	25,033	759	100	25,872
Materials and subscriptions	1,102	3,067	1,065	331	5,565	1,915	160	7,640
Staff development	-	4,112	-	-	4,112	-	-	4,112
Stipends	-	12,450	-	-	12,450	-	-	12,450
Bank charges	-	-	-	-	-	685	-	685
Federal subgrants to Associates (Note 2)	156,676	525,098	629	-	682,403	-	-	682,403
Foundation and corporation subgrants to Associates (Note 2)	33,603	159,144	121,690	-	314,437	-	-	314,438
Total other expenses	231,092	807,435	164,068	23,878	1,226,474	188,464	1,498	1,416,936
Total direct costs	128,644	971,970	353,422	69,659	1,723,695	322,593	18,182	2,066,670
Indirect costs allocated	18,861	17,630	20,834	-	77,325	(77,345)	-	-
Total costs	<u>\$347,505</u>	<u>\$1,011,620</u>	<u>\$374,456</u>	<u>\$69,659</u>	<u>\$1,801,240</u>	<u>\$245,248</u>	<u>\$18,182</u>	<u>\$2,066,670</u>
								<u>\$2,068,623</u>

The accompanying notes are an integral part of this schedule

**ASPIRA Association, Inc., National Office**

OMB Circular A-133  
Supplementary Financial Report  
For the Year Ended June 30, 1997  
Together With Auditors' Reports

**ASPIRA Association, Inc., National Office**

**OMB Circular A-133  
Supplementary Financial Report  
For the Year Ended June 30, 1997**

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**Report of Independent Public Accountants on Compliance and  
Internal Controls**

To the Board of Directors of the  
ASPIRA Association, Inc , National Office

We have audited the financial statements of the ASPIRA Association, Inc , National Office (the "Association"), as of and for the year ended June 30, 1997, and have issued our report thereon dated October 2, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in **Government Auditing Standards** (1994 Revision), issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under **Government Auditing Standards**.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Association's internal controls over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A **material weakness** is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors, the Association's management, and Federal awarding agencies and pass-through entities. However, this report is a matter of public record, and its distribution is not limited.

Arthur Andersen LLP

Washington, D.C.  
October 2, 1997



**Report of Independent Public Accountants on Compliance and  
Internal Controls Related to Federal Programs**

To the Board of Directors of the  
ASPIRA Association, Inc., National Office

**Compliance**

We have audited the compliance of the ASPIRA Association, Inc., National Office (the "Association") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") **Circular A-133 Compliance Supplement** (Revised June 30, 1997) that are applicable to its major Federal program for the year ended June 30, 1997. The Association's major Federal program is identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major Federal program is the responsibility of the Association's management. Our responsibility is to express an opinion on the Association's compliance based on our audit.

We conducted our audit of compliance in accordance with (1) generally accepted auditing standards, (2) the standards applicable to financial audits contained in **Government Auditing Standards** (1994 Revision), issued by the Comptroller General of the United States, and (3) OMB **Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations** (Revised). Those standards and OMB **Circular A-133** require that we plan and perform an audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Association's compliance with those requirements.

In our opinion, the Association complied, in all material respects, with the requirements referred to above that are applicable to its major Federal program for the year ended June 30, 1997.

**Internal Control Over Compliance**

The management of the Association is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered the

Association's internal control over compliance with requirements that could have a direct and material effect on its major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A **material weakness** is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major Federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

#### **Schedule of Expenditures of Federal Awards**

We have audited the basic financial statements of the Association as of and for the year ended June 30, 1997, and have issued our report thereon dated October 2, 1997. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information of the Board of Directors, the Association's management, and Federal awarding agencies and pass-through entities. However, this report is a matter of public record, and its distribution is not limited.

Washington, D.C.  
October 2, 1997

Arthur Andersen LLP

ASPIRA Association, Inc., National Office

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 1997

Direct Cash Assistance	Federal Catalog Number	Federal Grant Number	Project Period	Accrued (Deferred) Revenue June 30, 1996	Federal Expenditures	Cash Receipts	Accrued (Deferred) Revenue June 30, 1997
Department of Education: School Dropout Demonstration Assistance Program Department of Education 1995	84.201D	5201D1 0019-95	10/01/91-9/30/96	\$ 18,781	\$ 3,891	\$ 22,672	\$
Department of Health and Human Services: ASPIRA National Health Careers Program Public Health Services 1996	93.822	D8MB02170A	9/30/93-9/29/96	38,539	186,214	175,000	11,214
Public Health Services 1995	93.822	5018MB02170-03	9/30/93-9/29/96	58,539	54,590	113,078	-
Subtotal					240,753	288,078	11,214
Corporation for National and Community Service: AmeriCorps Program	94.006	94ADNDC043	6/24/94-12/31/96	47,338	619,460	662,017	4,781
Total Federal award activity				<u>\$124,658</u>	<u>\$864,104</u>	<u>\$972,767</u>	<u>\$15,995</u>

The accompanying notes are an integral part of this schedule

## ASPIRA Association, Inc., National Office

### Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 1997

#### 1. Scope of Audit Pursuant to OMB Circular A-133:

All Federal grant operations of the ASPIRA Association, Inc., National Office (the "Association") are included in the scope of the Office of Management and Budget ("OMB") Circular A-133 (Revised) audit (the "Single Audit"). The Single Audit was performed in accordance with the provisions of the OMB Circular A-133 Compliance Supplement (Revised June 30, 1997, the "Compliance Supplement").

The Association qualified as a low-risk auditee as defined in the Compliance Supplement. As a result, the scope of the Single Audit included the Department of Health and Human Services Public Health Services 1995 and 1996 grants. Expenditures for this program totaled \$240,753 (or approximately 28 percent of total Federal expenditures), which exceed the 25 percent of total Federal expenditure threshold, providing sufficient testing levels for the Single Audit for the year ended June 30, 1997.

Compliance testing of the applicable Federal program was performed on the Association's adherence to the following requirements, as described in the Compliance Supplement, for the Single Audit for the year ended June 30, 1997:

- Activities Allowed or Unallowed
- Allowable Costs/Cost Principles
- Cash Management
- Eligibility
- Matching, Level of Effort, Earmarking
- Period of Availability of Federal Funds
- Procurement and Suspension and Debarment
- Reporting
- Special Tests and Provisions

The Corporation for National and Community Service is acting as the Association's cognizant agency for the Single Audit.

## **2. Fiscal Period Audited:**

Single Audit testing procedures were performed for selected Federal program transactions occurring during the fiscal year ended June 30, 1997.

There were no audits performed by other organizations of the Association's Federal award programs during the year ended June 30, 1997.

## **3. Summary of Significant Accounting Policies:**

### **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grants to the Association that had expenditure activity during the year ended June 30, 1997. This schedule has been prepared on the accrual basis of accounting for expenditures. Grant revenues and expenditures are recorded for financial reporting purposes when the Association has met the qualifications for the respective grants. Grant revenues are equivalent to grant expenditures.

### **Form of Assistance**

All of the Association's Federal awards were in the form of direct cash assistance for the year ended June 30, 1997.

The Association had no Federally funded insurance programs or loan guarantees during the year ended June 30, 1997.

## **4. Findings of Noncompliance:**

There were no findings of potential noncompliance identified in connection with the Single Audit for the year ended June 30, 1997. However, the Summary of Auditors' Results is included in Schedule I. The status of findings identified in connection with the Single Audit of the prior year is presented in Schedule II.

## ASPIRA Association, Inc., National Office

### Schedule I - Schedule of Findings and Questioned Costs

#### Summary of Auditors' Results

We have audited the basic financial statements of the ASPIRA Association, Inc., National office (the "Association"), as of and for the year ended June 30, 1997, and have issued an unqualified opinion thereon dated October 2, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in **Government Auditing Standards** (1994 Revision), issued by the Comptroller General of the United States.

Our audit did not disclose matters of noncompliance that would be considered material to the financial statements of the Association, nor did our audit identify material weaknesses in internal controls.

We also issued an unqualified opinion dated October 2, 1997, based on our consideration of ASPIRA's compliance with the types of compliance requirements described in the OMB **Circular A-133 Compliance Supplement** (Revised June 30, 1997) that are applicable to its major Federal program for the year ended June 30, 1997. The results of our auditing procedures did not disclose instances of noncompliance with those requirements that are required to be reported in accordance with OMB **Circular A-133**.

For the June 30, 1997, Single Audit, the threshold used to distinguish between Type A and Type B programs was \$300,000. The Association's sole Type A program was the Corporation for National and Community Service AmeriCorps grant. This program was determined to be low-risk, and no testing was performed on it. Additionally, no Type B programs were determined to be high risk. The Association was determined to be a low-risk auditee for the Single Audit for the year ended June 30, 1997, and the 25 percent threshold required for low-risk auditees was met through testing the Public Health Services grant, CFDA No. 93.822.

**ASPIRA Association, Inc., National Office**

**Schedule II - Status of Prior-Year Finding of Noncompliance**

There were no prior-year findings of noncompliance.